

D2N2 Investment Board – August 2020

Agenda Item 4

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--	---

Meeting and Date	D2N2 Investment Board – 4 th August 2020		
Subject	D2N2 Capital Performance Overview		
Author	T Goshawk	Total no of sheets (Excluding cover sheet)	

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
--------------------------	-----------------------------------	-------------------------------------	---

Summary and Recommendations
<p>The Board are asked to note the progress report on the D2N2 Capital programme.</p> <p>The report highlights the current position on the programme and provides an update on each of the projects.</p>

D2N2 INVESTMENT BOARD

June 2020 D2N2 Capital Programme Update

Introduction

The following paper provides an overview of the LEPs Local Growth Fund programme, including an update on progress against the financial targets for this year.

Covid 19 has had an impact on many parts of the programme, therefore this paper highlights the current position of the 'live and upcoming' projects in the programme and the mitigation strategy where there is one in place.

Annex A – A paper providing an update to the Getting Building Fund submission

Annex B – Project Change Requests – Vesuvius Works

Annex C – Copy of the LGF Q4 2019/20 Monitoring Spreadsheet

Performance Update

Coming into the last year of the programme the LEP has £40,086,356 of its £250.7m Local Growth Fund budget left to spend before the March 2021 deadline. Of the £40m allocated within this year, D2N2 have recorded £7,581,062 in the first financial quarter of the year. LEP Officers are working closely with project sponsors for all projects that are 'live' and still 'awaiting approval' to monitor the ability to spend by the deadline, based on spend to date and forecast spend we are confident this figure can be met.

At this moment in time based on the current assessment of the programme and if all the projects are approved as set out, we believe we will be on track to deliver the full programme target by the end of this financial year. We have also over profiled by £2M to provide a buffer against any underspends.

A full budget breakdown is included within **Item 5** which includes both the financial position of the overall programme from 2015-2021 as well as a breakdown of each projects LGF drawdown for each financial quarter in 2020/21.

The LEP has recently been engaged within a pipeline process to determine projects for submission to the Governments new 'Getting Building Fund'. Following this process 10 projects have been submitted to the Government, next steps at the time of writing are unknown for the fund but D2N2 will engage with the project sponsors once they are known. Further details of the process and projects are included in Annex A.

Pipeline Call

In order to be able to respond to future funding calls with efficiency we are looking to prepare a pipeline of projects which can be called upon to submit to Government. Therefore, we will be looking to announce a new call for projects on the 5th of August and will open this to all parties to submit priorities for scoring. Further details around timescales will be provided as part of the call for projects on the 5th of August.

Annex A – Getting Building Fund

D2N2 along with all other LEPS were invited by the Secretary of State Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government on the 10th June to prepare a list of ‘development ready’ projects to be submitted to MHCLG by the 18th of June for consideration as part of a July fiscal announcement.

The key focus was to urgently identify schemes that were immediately deliverable to stimulate economic activity and crucially support job creation in the context of a post-COVID recovery strategy. The LEP undertook a short-term pipeline call to identify projects to submit to Government.

Following this process, the LEP initially identified 19 projects which scored above the 61- point threshold which considers projects to be deliverable.

The total funding requested from D2N2 was **£91.067m** with £38.66m to the accelerated projects list and £52.4m to the new projects list. Five of these projects were included within the accelerated projects list and the other 13 in the new projects list.

On the 1st of July it was announced that D2N2 would receive **£44.4m** of funding from the Getting Building Fund. As part of this settlement it was agreed that D2N2 will engage with local leads from the Department for BEIS to submit a finalised list of projects to the Government by the 17th of July to be formally approved by Ministers.

In order to be able to submit a finalised list of projects we have undertaken a further assessment of the prioritised projects, with each project requested to submit an Expression of Interest form to the LEP on the 13th of July providing additional information to be scored and independently moderated by Thomas Lister to enable the prioritisation.

As a result of this scoring and moderation process, the projects listed in Table 1 is being put forward to Government following approval by LEP Interim Chair as agreed at the 8th of July Board meeting, and endorsement by the S151 officer of the Accountable Body as required by government.

This submission contains 10 projects totalling **£46,657,000** and are set out in Table 1. In light of previous experiences in management of the capital programme we have proposed to over programme our Getting Building Fund by £2.257m

which will be managed through changes in viability or any slippage. Any remaining over programme will be met by from the Growing Places Fund in the same way we currently manage the Local Growth Fund.

All projects being put forward are still subject to final approval by the Minister and will need to deliver a full business case compliant with the Local Assurance Framework, addressing any issues highlighted during the initial assessment.

All projects that are not being taken forward through this specific funding call (Listed in Table 2), will continue to be progressed and will remain on the pipeline of projects to be considered for any future funding awards if they are able to address the issues flagged through the assessment.

A brief explanation on the rationale for the revised score is included in the table.

Table 1 – Projects for submission

Project Name and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
Berry Hill, Mansfield	The Berry Hill site forms an urban extension to the Mansfield district. Work is well underway on phase 1. To accelerate phase 2, funds are requested towards the spine road, which will unlock the site to create new homes, school, shops, Green Infrastructure and Employment Land.	£3million	Housing	75	<ul style="list-style-type: none">- The project will continue on the delivery of the first phase which has proved successful with Homes England Intervention- The second phase is delivery ready and can progress quickly once funding is awarded- The project represents good Value for Money in return for investment
Digital Advanced Manufacturing and Engineering	The project will fund the development of a centre of excellence at Chesterfield College to support	£0.5million	Skills	71	<ul style="list-style-type: none">- The project has been well developed and evidence of both need and demand for courses has been included in the EOI

Project Name and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
Centre, Chesterfield	learners to develop much needed digital skills and the practical skills for modern construction techniques. The new centre will deliver higher-level skills within the industry and meet the demands of the local area.				<ul style="list-style-type: none"> - The project can deliver quickly and presents very low delivery risk - The outputs for the project are good in return for the level of investment
UK Electrification of Aerospace Propulsion Facility, Nottingham University	Part of a £1bn+ vision for the East Midlands to regain its pre-eminence as the world's foremost location for aerospace innovation - protecting the 40,000-aerospace supply-chain jobs in the region. This national facility will support a green recovery for the UK aerospace industry through the development of sustainable and competitive electrified propulsion systems.	£7.6million	Innovation	70	<ul style="list-style-type: none"> - The project can deliver quickly and capital equipment purchases give confidence of delivery - The University of Nottingham have engaged well with business and have identified industry partners to support and collaborate with in the project - The project offers good value for money and targets key sectors of D2N2 as well as LIS objectives for clean growth
Bridge Court Campus, Worksop	The regeneration of Bridge Court will facilitate the delivery of a state-of-the-art University campus in Worksop town centre in	£3.5million	Skills	68	<ul style="list-style-type: none"> - The project will deliver learning in subject areas of need and has engaged well with the appropriate industries to deliver this training

Project Name and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
	partnership with the University of Derby and Doncaster & Bassetlaw Hospitals Trust. This Campus will address a training need in the health sector, enable the upskilling of young people and carers, and increase the engagement of local people in higher education.				<ul style="list-style-type: none"> - Evidence of demand for the learning places has been well presented - The project can deliver quickly and presents low delivery risk to the LEP
Digital Turbine Centre, Worksop	This project will establish a 5G Innovation Hub in the Turbine Centre in Worksop, providing enhanced digital connectivity throughout the centre. It will also enable the prototyping and launching of the world's first 5G devices from the Hub and the delivery of certified business engagement and digital training on 5G & related technologies.	£0.5million	Digital Infrastructure	65	<ul style="list-style-type: none"> - The project meets the objectives of innovation and will target business productivity in alignment with the LIS - The project is highly deliverable and presents minimal risk in delivery - The project will help to safeguard jobs alongside the benefits from innovation
Glossop Town Hall, Glossop	The renovation and repurposing of Glossop Town Hall, Market Hall	£2million	Regeneration	65	<ul style="list-style-type: none"> - The projects first phase is ready to commence and can utilise GBF allocations quickly

Project Name and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
	and Municipal Buildings for use as business start-up space, with a focus on creative industries, and modern multi-use event space accommodating food and drink businesses, general and specialist retail.				<ul style="list-style-type: none"> - The project provides a joint partnership working model with the private sector and looks to develop spaces for growing SMEs, with evidence of demand - The value for money generated from outputs is good against the investment required
Drakelow Park, South Derbyshire	Infrastructure project on the road network to support a larger bridge/bypass scheme including bypass bridge to Burton and better road traffic links between South Derbyshire, East Staffordshire and the wider West Midlands. This is linked to the regeneration of the former Drakelow Power Station site enabling 2239 homes (193 built) and up to 30 acres of industrial and commercial use land.	£2.6million	Regeneration	64	<ul style="list-style-type: none"> - The project delivers significant amounts of outputs for the level of GBF required. - The project will work in partnership with Stoke and Staffs LEP to deliver a joint growth priority for the two areas. Stoke and Staffs LEP are also contributing £5m to the overall scheme - The LEP will continue to monitor the viability of the project and will utilise external expertise to make sure the right level of grant intervention is given to the project.
MRC Midlands, Derby	The MRC Midlands will be the first project of its kind in the region. It will spearhead innovation-led	£6.85million	Innovation	63	<ul style="list-style-type: none"> - The project will deliver good outcomes for the entirety of the D2N2 area and delivers on the

Project Name and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
	advanced manufacturing to boost the resilience of Derby's economy. Through providing access to cutting edge research and development facilities, the project will create jobs, transform supply chains and enable business growth.				<p>innovation and productivity themes of the LIS</p> <p>- The project sponsor has formed strong partnerships to deliver the project and is working to establish both strong research and industry collaborations.</p>
Transforming Nottingham's Southside, Nottingham	Demolition and rebuilding of the former Intu site, and enabling infrastructure which will bring forward new additional job creation on the site and surrounding areas as well as new homes in the City Centre.	£7.99 Million	Regeneration	61	<p>- The project provides clear additional outputs including 733 additional jobs and 868 homes to the related project previously funded from the Local Growth Fund.</p> <p>-Match funding secured through transforming cities fund</p> <p>- The project works to deliver on a significant priority for the City and LEP area.</p> <p>- The project will enable significant additional private sector investment into the region.</p>

Table 2 – Projects not being submitted to Government

Project Name, Sponsor and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
Digital Business Growth - Better Broadband for Nottinghamshire (Phase 3 extension)	Driving business growth and job creation by extending fast and reliable broadband services. High levels of ultrafast coverage would support new investment and act as a catalyst for new business start-ups, support home-working and micro businesses.	£2 million	Digital Infrastructure	59	<ul style="list-style-type: none"> - The project could potentially enable the delivery of Broadband to areas where this resource is not available - Delivery risks surround the project as take up from the open market may not be met through the scheme which poses a risk - The project involves funding of a voucher scheme and therefore doesn't directly deliver infrastructure as previous similar projects
D2N2 Emergency Growth Fund	Pace, flexibility and scale are key to maintain business confidence. We will create a LEP-wide capital grant and loan fund that has the scale to support meaningful job creation. It will be flexible and be tailored to each city or area's sectoral mix and opportunity set.	£6.5 million	Enterprise	58	<ul style="list-style-type: none"> - The project presents a good opportunity to enable businesses to deliver on capital purchases - Uncertainty remains over the ability to spend the GBF allocation in the timeframe given its reliant on demand from the private sector - A potential issue was found around the use of capital funding for Research and Development under a section 31 grant
DRIIVE (Derbyshire Rail Industry)	The project capitalises on opportunities presented by HS2 and the rail sector in	£0.5million	Skills	58	<ul style="list-style-type: none"> - The project fits well with the strategic objectives of the LEP and

Project Name, Sponsor and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
Innovation Vehicle) Chesterfield	Chesterfield, including investment from Talgo, who, as part of its 'All Britain Strategy' is seeking to develop a modern rail innovation and training centre focussed on green technologies. The DRIIVE centre will facilitate growth in the supply chain and create a pipeline of skilled workers for the rail industry.				<p>would provide good employment and training opportunities.</p> <ul style="list-style-type: none"> - Planning permission and match funding for the development are still required to be completed which presents a risk to delivery. - The project is at too early a stage for funding with delivery risks in place and needs to continue to be worked upon to achieve a funding award.
The Avenue, North East Derbyshire	Provision of a new roundabout on the A61 including a link road. This will enable the development of dependent elements of the Avenue site delivering local employment, residential development and public open space.	£6.3 Million	Regeneration	57	<ul style="list-style-type: none"> - The project presents a good strategic opportunity to aid the development of a major mixed-use development in the area. - The project still needs to finalise revised designs and secure land and negotiate S106 in order to deliver therefore still has a number of risks on its ability to meet the timelines in its current state
Zero Carbon Demonstrator – Top Wighay Farm, Hucknall	The Top Wighay development will bring significant housing, green and digital infrastructure plus regional facilities to Ashfield and Hucknall. To unlock its full potential and	£5.95million	Regeneration	57	<ul style="list-style-type: none"> - The project aligns well with the strategic aims of the LIS and would aid the clean growth agenda -Market demand assessments for the project were not clear

Project Name, Sponsor and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
	stimulate green economic growth, funding is sought to bring forward a new Community Workspace Hub as a Zero Carbon demonstrator for the region. The new hub will offer employment space, full fibre digital and public facilities, including renewable energy generation.				- The project is deliverable with NCC as the landowner and match funder but is currently underdeveloped to be put forward for submission at this point in time.
Whitwell Colliery Reclamation - mine water project to create district heating system, Bolsover	A low carbon energy district heating system powered by mine water is proposed as part of the reclamation of a former spoil heap to prepare the site for development. The subsequent development of the site will include 600 houses, 5 hectares of employment land and new country park.	£4million	Clean Energy/Resource Efficiency	56	<p>- The project presents a delivery risk to spending the allocation of GBF requested due to the later start of the project with all spend in the last quarter of 2022.</p> <p>- Potential issues with relation to State Aid were identified within the assessment process relating to the delivery of the commercial development</p>
Southern Link Road /Land South of Newark	Construction of the Southern Link Road (SLR), unlocking and accelerating the delivery of 2,550 homes, 5,000 jobs, a new country park, new	£9million	Housing	53	- The project is fully costed and partially delivered however there remains to be a gap in the match funding to accompany the GBF.

Project Name, Sponsor and Location	Description	Bid Value	Project Type	Score	Summary of Assessment
	primary school, and community facilities. The project has political, community, and public authority support.				<p>- The project presented delivery risk in terms of timing for any GBF allocation to be utilised.</p> <p>- Work has not been completed with regards to the finalised viability appraisal for the project.</p>

Annex B – Project Change Request

Project Name/ Promoter and description	Change Description	Reason for the Change	Impact of the change	Officer Recommendation
Vesuvius Works Dooba Developments Limited	Outputs – 95 jobs to move from Q1 2020/21 to Q3 2020/21.	The main contractor on the site was put in to administration in December 2019 which caused delays to the project. Following this and the Covid 19 outbreak there has been a reduced workforce on the site and the opening of the new food store is delayed as a result.	The project will deliver its first 95 jobs two quarters later than profiled however this will still return the job delivery in this financial year so won't affect programme outputs.	The Investment Board are recommended to accept the change request and D2N2 will continue to work with the sponsor to mitigate these circumstances and accelerate delivery where possible.

LEP Name										Derby, Derbyshire, Nottingham and Nottinghamshire										Growth Deal Performance		Area lead comments						
This Quarter:										Q4_1920																		
Deliverables Progress																												
Housing		This Quarter		15-17	17-18	18-19	Financial Year		19-20	20-21	21-25		Total															
Houses Completed		-30		128	589	474			325	0	-	-	1,516															
Forecast for year		510		878	1,140	1,150			510	2,260	1,393		7,331															
Progress towards forecast		-6%			52%	41%			64%	0%	-	-	21%															
Jobs																												
Jobs Created		6,438		373	1,295	2,043			6,736	0	-	-	10,447															
Apprenticeships Created*		0		0	0	0			0	0	-	-	0															
Jobs including Apprenticeships		6,438		373	1,295	2,043			6,736				10,447															
Forecast for year		4,961		375	2,002	2,156			4,961	6,505	16,593		32,592															
Progress towards forecast		130%			65%	95%			136%	0%	0%	-	32%															
* Apprenticeships included within jobs totals prior to 2017																												
Skills																												
Area of new or improved floorspace (m2)		0		5,430	13,500	2,000			0	0	-	-	20,930															
Forecast for year		0		5,430	13,500	0			0	15,490	0		34,420															
Progress towards forecast		-			100%	-			-	0%	-	-	61%															
Number of New Learners Assisted		1,178		0	344	212			1,566	0	-																	